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State of Utah

DEPARTMENT OF NATURAL RESOURCES

MICHAEL R. STYLER
Executive Director

Division of Oil, Gas and Mining

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Division Director

November 13, 2014

Jay Marshall, Resident Agent
Andalex Resources, Inc.
P.O. Box 910
East Carbon, Utah 84520-0910

Subject: Determination of Incomplete Application for Centennial Project / Kenilworth Lease Addition, C/007/0019, Task ID # 4642

Dear Mr. Marshall:

The Division has completed its review of the Kenilworth Lease Significant Revision and determined that it is incomplete. The plans as submitted are denied. The attached Administrative Completeness Review form outlines the areas where further information is needed.

As the reformatting of the Mining and Reclamation Plan (MRP) with this application proposes to replace entire chapters (i.e. Chapters 1-8), please provide the entire chapter in redline strike-out format and not just the proposed changes. By providing just the revisions in redline strike-out, and not the entire chapter, there's a potential for inadvertent deletions. It also dramatically increases the amount of time needed for processing the application.

Please refrain from submitting clean copies until conditional approval is granted. Providing both the red-line and clean copies in one submittal causes processing issues now that our permitting is primarily electronic.

In addition, one copy of the entire application (in either a PDF or hard-copy format) is what is required for processing and review.

Please call if you have any questions.

Sincerely,

Steve Christensen
Permit Supervisor

SKC/phh/ss
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**ADMINISTRATIVE COMPLETENESS REVIEW WORKSHEET
(R645-100)**

DATE: 11/10/2014

REVIEWER(S): Peter Hess, Lisa Reinhart, Suzanne Steab, Daron Haddock, Steve Christensen

APPLICANT: Andalex Resources, Inc.

MINE NAME: Centennial Project **FILE NO.:** TID # 4642

"Administratively Complete Application" means an application for permit approval or approval for coal exploration, where required, which the Division determines to contain information addressing each application requirement of the State Program and to contain all information necessary to initiate processing and public review.

Directions: The categories listed below correspond to the minimum requirements for information necessary to initiate processing and public review. If a category is checked the Applicant has met the Completeness requirement for that category. If a category is not checked, the Completeness requirements have not been met. The comments column will identify the deficiency and what is necessary to correct it.

Comments		
301-112	Identification of Interests <u>X</u>	
100	Applicant's Business Structure <u>X</u>	
210	Applicant's Name/Address/Phone <u>X</u>	
220	Resident Agent's Name/Address/Phone <u>X</u>	
230	Name/Address/Phone of AML Fees Payer <u>X</u>	
300	Corporate Structure & Ownership <u>X</u>	Update contained in midterm completion response.
400	Identify Other Mining Operations in US <u>X</u>	
500	Surface & Mineral Ownership <u>X</u>	
600	Ownership Contiguous to Permit <u>X</u>	
700	MSHA Numbers <u>X</u>	
800	Interest in Contiguous Lands <u>X</u>	

301-113	Violation Information	<u>X</u>	AVS Evaluation 10/28/14. Indicates 18 Violations. Narrative states all violations are under the Island Creek settlement.
100	Suspension or Revocation Information	<u>X</u>	
300	List of Violations - 3 Previous Years	<u>X</u>	Update contained in midterm completion response.

301-114	Right of Entry	<u>X</u>	The Permittee is applying to add the 1,760 acres in the Kenilworth lease to the Centennial Project permit area. Once approved by the Division, the Permittee will have the right-of-entry to cross the Kenilworth lease boundary from the underground Aberdeen Mine workings and develop and extract those available reserves. The Mathis lease sits in the center of the Kenilworth lease, and Andalex Resources will not have the right-of-entry in place to access that coal.
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301-115	Status of Unsuitability Claims	<u>X</u>	
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301-116	Permit Term	<u>NA</u>	
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301-117	Insurance	<u>X</u>	Proposed public notice included in application.
	Proof of Publication	<u>X</u>	
	Facilities and Structures Used in Common	<u>X</u>	

301-118	Filing Fee	<u>NA</u>	
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301-123	Notarized Signature of Responsible Official	<u>X</u>	
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301-130	Information Collection: Technical Data Accompanied by Names of Persons or Organizations that Collected and Analyzed the Data - Dates of Collections - and Analysis of the Data and Description of the Methodology Used to Collect and Analyze Data	—
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301-200	Soils	<u>X</u>	There is no soil removal or other information submitted relative to soil storage with the Kenilworth lease addition per Priscilla Burton / November 10, 2014) / PHH
211	Description of Pre-mining Soil Resources	<u>NA</u>	No additional surface disturbance is planned for the area of the Kenilworth lease.
221	Prime Farmland Investigation	<u>NA</u>	No additional surface disturbance is planned for the area of the Kenilworth lease.
222	Soil Survey	<u>NA</u>	No additional surface disturbance is planned for the area of the Kenilworth lease.
224	Substitute Topsoil Info (When Proposed)	<u>NA</u>	No additional surface disturbance is planned for the area of the Kenilworth lease.
230	Operation Plan Topsoil Handling/Removal/Storage	<u>NA</u>	No additional surface disturbance is planned for the area of the Kenilworth lease.
240	Reclamation Plan Soil Redistribution/Stabilization	<u>NA</u>	No additional surface disturbance is planned for the area of the Kenilworth lease.

301-300	Biology	<u>X</u>	
320	Vegetation Information	<u>X</u>	
322	Fish and Wildlife Information	<u>X</u>	
323	Maps/Photos Vegetation-Fish-Wildlife Areas	<u>X</u>	
330	Operation Plan Vegetation-Fish-Wildlife Protection	<u>X</u>	
341	Reclamation Plan for Revegetation	<u>X</u>	

342	Fish & Wildlife Plan for Reclamation Phase	<u>X</u>	
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301-400	Land Use and Air Quality	<u>X</u>	
411	Pre-Mining Land Use Information (Includes Cultural Resources)	<u>X</u>	
412	Post-Mining Land Use Information	<u>X</u>	

301-500	Engineering	<u>X</u>	See Page 3,4,5 of document PHHkenilworth4642.docx.
510 520	General Description of Operation Plan (Maps, Locations, Cross-Sections, Narrative, Descriptions & Calculations)	<u>X</u>	
522	Coal Recovery Description	<u>X</u>	See Chpt 5, page 5-176, section R645-301-522 Coal Recovery
523	Mining Methods	<u>X</u>	Similar methods as those used in longwall mining will be used in the Kenilworth lease.
524	Blasting and Explosives Plan	<u>X</u>	Surface blasting is not performed as part of the coal recovery activity.
525	Subsidence Control Plan	<u>X</u>	See Chapter 5, page 195. Panel / Barrier / Panel will be used within the Kenilworth lease for effective ground control.
526	Mine Facilities Description (Narrative, Plans, Maps) Including Existing Structures & Support Facilities	<u>X</u>	See Chapter 5, page 203, section R645-301- 526.100. No revisions were made to this section.
527	Transportation Facilities (Including Plans & Maps)	<u>X</u>	See Chapter 5, pages 5-214 to 5-219 and 5- 276 to 5-280
528	Coal Mine Waste Plans (Description & Designs)	<u>X</u>	Addressed in Chapter 5, pages 5-18 to 5-37
529	Management of Mine Openings (Design)	<u>X</u>	Chapter 5, page 5-228, section R645-301- 529.100 discusses the backfilling of the airshaft in Deadman Canyon.
531	General Plans for Structures	<u>X</u>	See Chapter 5, pages 5-234 to 5-236
532	Sediment Control	<u>X</u>	See Chapter 5, page 237, section R645-301- 532, Sediment Control

533	Impoundments	<u>X</u>	See Chapter 5, page 239, section R645-301-533, Impoundments and page 241, section R645-301-533.700, Non-MSHA Impoundments Design Requirements.
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301-534	Roads (Plans, Drawings, Designs, & Specifications)	<u>X</u>	See Chapter 5, page 5-39, pages 5-276 to 5-280, and pages 5-214 to 5-219 to find information pertaining to roads within the Centennial Project permit area.
535	Spoil	<u>X</u>	Spoil from the removal of overburden is not produced at the Centennial Project. It is a deep mine.
536	Coal Mine Waste	<u>X</u>	See Chapter 5, pages 5-18 to 5-37, page 5-41, section R645-301-513.400, Refuse Piles,
537	Regraded Slopes	<u>X</u>	See Chapter 5, page 5-39 section R645-301-512-260, Variance from Approximate Original Contour
540 541-542	Reclamation Narrative, Maps and Plans	<u>X</u>	See Chapter 5, page 255 sections R645-301-541.400 to R645-301-542.300
551	Casing and Sealing Underground Openings	X	See Chapter 5, page 228
553	Backfilling and Grading Description	<u>X</u>	See R645-301-532.200, Stabilizing Backfilled Material of the APPROVED mining and reclamation plan (page 5-177) for the Centennial Project.

301-600	Geology	—	Need to provide Geological information for the Kenilworth lease area.
621	Description of Geology (Permit & Adjacent Area)	—	Plate 21 shows the Surface Geology of the lease area. There is also revised text in Chapter 6 that describes the Geology of the area. The Plate is stamped by a P. E. but is not signed.
622	Geologic Cross-Sections, Maps, and Plans	—	The application does not contain any geological cross section of the Kenilworth lease area. Plate 22 is labeled Geological Cross Section and Drill Hole Reference, but the nearest cross-section to the Kenilworth lease is over 2 miles away.
630	Plans for Casing and Sealing Holes	<u>X</u>	Statement found in R645-301-551.

301-700	Hydrology	<u>X</u>	
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721	Description of Hydrologic Resources (Permit and Adjacent Area)	<u>X</u>	Appendix L has been revised to include additional baseline hydrologic information of the proposed Kennilworth lease. The information is provided in a report, Baseline Hydrologic Monitoring and Determination of Probable Hydrologic Consequences of Coal Mining in the Kenilworth Addition Area at the Andalex Resources, Inc. Tower Mine, Carbon County, Utah.
722	Cross-Sections and Maps Subsurface Water - Surface Water - Monitoring Stations - Wells	<u>X</u>	The lease application contains several maps that depict the hydrologic resources within and adjacent to the Kenilworth lease area: Figure 7-1, Operational Water Monitoring Locations, Figure 7-2, Seep/Spring Survey map and Figure 5, Regional Water Rights Map
723	Sampling and Analysis	<u>X</u>	The sampling and analysis techniques are described in the currently approved Appendix L of the Centennial MRP.
724	Baseline Information Ground Water - Surface Water - Geology - Climatological & Supplemental; If Needed	<u>X</u>	The report entitled, Baseline Hydrologic Monitoring and Determination of Probable Hydrologic Consequences of Coal Mining in the Kenilworth Addition Area at the Andalex Resources, Inc. Tower Mine, Carbon County, Utah provides baseline information for ground and surface water resources within and adjacent to the Kenilworth lease area. The report is an addition to Appendix L of the current MRP. The adequacy of the baseline data provided will be evaluated during the technical review.
728	PHC Determination	<u>X</u>	The report entitled, Baseline Hydrologic Monitoring and Determination of Probable Hydrologic Consequences of Coal Mining in the Kenilworth Addition Area at the Andalex Resources, Inc. Tower Mine, Carbon County, Utah provides an updated probable hydrologic consequence determination for the Kenilworth lease area.
730	General Operation Plan Minimize Disturbance to Hydrologic Balance & Compliance with Clean Water Act	<u>X</u>	No surface disturbance is planned with the Kenilworth lease expansion. As a result, potential impacts as a result of
731	Ground and Surface Water Protection	<u>X</u>	No surface disturbance is planned with the Kenilworth lease expansion. As a result, potential impacts to ground and surface water in the Kenilworth lease area are limited to impacts from the underground mining activity itself. The ground and surface water protections employed at the Centennial Mine are discussed in Appendix L, Chapter 5 and Chapter 7.

732	Ground and Surface Water Monitoring	—	The application does not contain a ground and surface water monitoring plan for the proposed Kenilworth Lease area. It does not appear that the PHC report submitted for inclusion into Appendix L, nor the water monitoring discussion found in section 711.300 of the approved MRP have been revised.
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301-740	Plans and Designs	<u>X</u>	No surface disturbance is planned with the proposed Kenilworth lease expansion. As such, the various hydrologic control structures and sediment control measures are not applicable. The handling and disposal of excess spoil, coal mine waste, non-coal mine waste etc. is outlined in the currently approved MRP.
	Operation and Reclamation Plan		
	Sediment Control Measures		
	Siltation Structures	<u>X</u>	
	Sediment Ponds	<u>X</u>	
	Other Treatment Facilities	<u>X</u>	
	Diversions	<u>X</u>	
	Road Drainage	<u>X</u>	
	Impoundments	<u>X</u>	
	Discharge Structures	<u>X</u>	
	Disposal of Excess Spoil	<u>X</u>	
	Coal Mine Waste	<u>X</u>	
	Disposal of Non-Coal Mine Waste	<u>X</u>	
	Casing and Sealing of Wells	<u>X</u>	

301-800	Bonding and Insurance	—	
820	Applicant Have Adequate Bond at Permit Issuance	<u>X</u>	The Division evaluated the in-place bond amount for the Centennial Project of \$ 1,520,000 which is 14.27 % more than the updated reclamation cost estimate (See Task ID # 4683).

830	Bond Estimate and Calculations Provided	<u>X</u>	Updated reclamation cost estimate sheets were provided as part of Task ID# 4683. All coal recovery will occur using the surface facilities in Deadman Canyon. It is not known if any new disturbance will be necessary for gob vent boreholes to enhance the ventilation bleeders at this time.
890	Certificate of Insurance Provided	<u>X</u>	A copy of the current Acord liability insurance form was not included with the TID 4642 application. This coverage is re-newed annually and is on file in the Engineering records at the West Ridge Mine.

302-200	Special Categories of Mining	<u>NA</u>	
210	Experimental Practices Mining	<u>NA</u>	
220	Mountaintop Removal Mining	<u>NA</u>	
230	Steep Slope Mining	<u>NA</u>	Not applicable. If mining occurs within the Kenilworth lease, it will be by underground methods.
240	Auger Mining	<u>NA</u>	
250	In Situ Processing Activities	<u>NA</u>	

302-260	Coal Processing Plants (Not Located Within Permit Area of Mine)	<u>NA</u>	
270	Variances From Approximate Original Contour Restoration Requirements	<u>NA</u>	
280	Variances for Delay in Contemporaneous Reclamation Requirement in Combined Surface and Underground Coal Mining Activities	<u>NA</u>	
290	Small Operator Assistance Program (SOAP)	<u>NA</u>	

302-300	Special Areas of Mining	<u>NA</u>	
301	Prime Farmland	<u>NA</u>	

302	Alluvial Valley Floors	<u>NA</u>	
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